

TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION

D: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: <u>0 2 - 0 0 3</u>	2. STATE: CO
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE 04/01/02 04/01/02	

TYPE OF PLAN MATERIAL (Check One):

- ☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.302

7. FEDERAL BUDGET IMPACT:
a. FFY 2002 \$ (-\$415,894.00)
b. FFY 2003 \$ (-\$831,789.00)

PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19B Page 200

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
Attachment 4.19B, Page 20

10. SUBJECT OF AMENDMENT:


Change Average Wholesale Price Discount for Pharmaceutical Services

1. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

As per Governor's letter dated 12-14-94

2. SIGNATURE OF STATE AGENCY OFFICIAL:


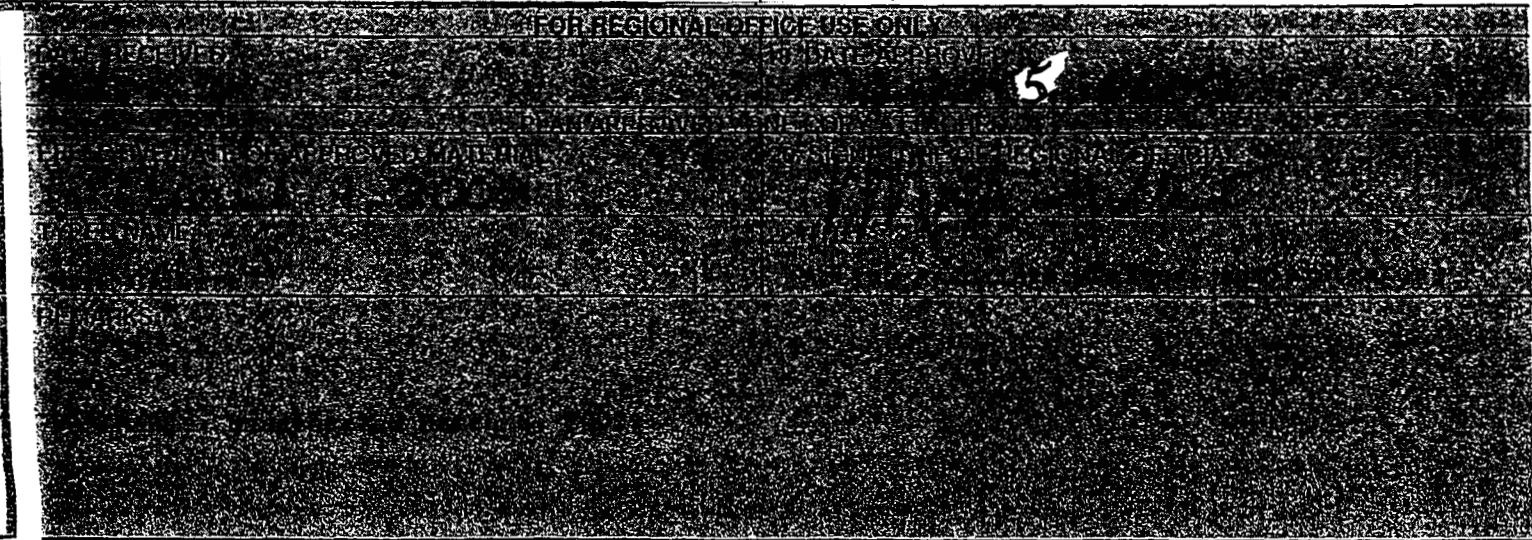
13. TYPED NAME:
Richard C. Allen

14. TITLE: Director,
Office of Medical Assistance

15. DATE SUBMITTED:

16. RETURN TO:
Colorado Department of Health Care Policy & Financing
1575 Sherman
Denver, Colorado. 80203-1714
Attention: Karen Snell

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TITLE XIX OF SOCIAL SECURITY ACT
DIVISION OF MEDICAL ASSISTANCE

Attachment 4.19-B

Page 2 C

State of Colorado

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

Pharmaceutical Services:

Reimbursement shall be based upon the lower of usual and customary charges to the public or drug ingredient cost plus a designated dispensing fee.

A. Ingredient cost shall be defined as the lowest of the following:

Modified average wholesale price shall be defined as the average wholesale price less 12.00%. The average wholesale price will be determined by the Department from information supplied by First Data Bank and placed in a drug -pricing file as follows:

1. By subtracting 12.00% from the average wholesale price as determined by the Department.
2. If the average wholesale price cannot be determined by the Department, then the distributors' or manufacturers' prices will be used to estimate average wholesale price to be modified and used in the drug-pricing file as the price of the drug.

The following pricing methodologies are used, noting that the pricing methodology resulting in the lowest price will be used:

1. Average wholesale price (AWP) minus 12%
2. Direct price plus 18%
3. State M.A.C., pharmacy acquisition cost of generic drugs available in the state market place plus 18%.
4. Federal Upper Limit (FUL)

B. Dispensing fees are established by the state upon consideration to costs shown on periodic operation surveys, in-house studies of dispensing costs, national and regional data, and/or economic trends and conditions.

The current dispensing fee is \$4.00 for retail pharmacies and \$1.89 for institutional pharmacies.

Approval Date 05/15/02 Effective 04/01/02

TN No. 02-003

Supersedes \

TN No. 01-011